



DAVID E. JANSSEN
Chief Administrative Officer

County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
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7/11/01

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July 31, 2001

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**TEN YEAR LEASE - DEPARTMENT OF MENTAL HEALTH
1499 HUNTINGTON DRIVE, SOUTH PASADENA
(FIFTH) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Mayor to sign the attached ten year lease with Keith Sinclair (Lessor), for 4,210 rentable square feet of office space with 12 off-street reserved parking spaces, for the Department of Mental Health (DMH), at an initial annual cost up to \$114,175, which will be fully funded via Federal and State grant funding.
2. Find that the proposed lease is categorically exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Class 1, Section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15061(b)(3) of the State CEQA Guidelines.
3. Approve the project and authorize the Chief Administrative Office (CAO) and DMH to implement the project. The lease will be effective upon the completion and acceptance of the Tenant Improvements (TIs).

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the proposed action will allow DMH to increase staff productivity by alleviating overcrowded conditions at an existing facility.

(1499bdltr)

Together We Can Conserve Energy



- The Court and Alternative Sentencing Programs consist of 26 budgeted positions and they have been co-located with the DMH Northeast Clinic in an overcrowded 9,135 square foot facility at 5321 Via Marisol, Los Angeles since 1992. The Clinic will absorb the space at the current facility upon the relocation of the subject programs.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan directs that we invest in public infrastructure, in order to strengthen the County's fiscal capacity. The lease of property supports this strategy by complying with the Strategic Asset Management Principles (Goal 4, Strategy 2, Objective 2). In this case we are relieving overcrowded conditions and maximizing subvention funding by housing subvented programs in leased space, as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The annual cost of the proposed lease will initially range from a base rate of \$76,790 to a maximum of \$114,175, depending on the actual cost of TIs.

Proposed Lease	1499 Huntington Drive, South Pasadena
Area	4,210 rentable square feet
Annual Base Rent (Including Parking)*	\$76,790 or \$18.24 per square foot
TI Allowance included in Base Rent	\$42,100 (i.e. \$10 per square foot)
Maximum Additional TI Allowance**	\$231,550 (i.e. \$55 per square foot)
Maximum Annual Rent	\$114,175 or \$27.12 per square foot
Term	10 years; with an option for an additional 5 years
Cancellation	After 5 years upon 90 days notice and reimbursement of the unamortized additional tenant improvements allowance and unearned brokerage commissions.

* The rate is on a modified full service basis excluding electricity costs, estimated at \$2.16 per square foot per year.

** \$231,550 represents the maximum amount of additional TI funds available for this project. This amount equates to an additional \$37,385 per year or \$8.88 per square foot per year in rent if the entire amount is amortized over the 10 year term at the maximum rate of 10.5 percent.

The Honorable Board of Supervisors
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- Sufficient funding for the proposed lease is included in the 2001-02 Rent Expense Budget and will be charged back to DMH. The costs associated with the proposed lease will be funded through a combination of Federal and State grant funds at no additional NCC.
- The monthly base rent is subject to an annual adjustment, after the 12th month, based on the change in the Consumer Price Index not to exceed 4 percent per year.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The Court Program provides consultation and referral services to mentally ill defendants at 28 County Courts, and administers an alternative sentencing option for mentally ill defendants.

The Alternative Sentencing Program manages the treatment of incompetent misdemeanor defendants, provides consultation to Court 95 on mental health cases, and monitors the Alternative Sentencing contracted facilities.

The proposed lease provides 4,210 rentable square feet of office space with 12 reserved parking spaces. The lease contains the following provisions:

- Commencement upon completion and acceptance of the TIs, and termination ten years thereafter.
- Modified full service whereby the Lessor is responsible for all operating expenses, except electricity.
- A cancellation provision allowing termination at or anytime after the 5th year by providing the Lessor 90 days prior written notice.
- One five-year option to renew at the prevailing terms, conditions and rental rate subject to Board approval.
- A \$42,100 or \$10 per square foot TI allowance included in the base rental rate to cover the County's remodeling requirements.

- A reimbursable, additional TI allowance up to \$231,550 or \$55 per square foot for furniture and additional TIs, which may be paid in a lump sum or amortized over the ten year term at an annual interest rate equivalent to the Lessor's cost of funds, capped at 10.5 percent.
- A requirement that all TI expenditures be approved in writing by the CAO, and all construction be in compliance with the "Tenant Improvement Paragraph 25" of the proposed lease.
- **No County Project Manager or employee, including the CAO, is authorized to approve any expenditure not expressly pre-approved by the Board of Supervisors. The Board of Supervisors will not approve retroactive expenditures. Any unapproved expenditures by the Lessor, even if it benefits the County, shall not be recovered by Lessor who shall solely bear the risk of loss for incurring such liabilities.**

CAO Real Estate staff surveyed the Alhambra and South Pasadena area, as specified by DMH, to determine the availability of comparable and more economical sites. Attachment "B" shows all County owned and leased facilities within the search area for this program. There are no County owned or leased facilities available for this program.

Based upon a market survey of similar properties in Alhambra and South Pasadena, staff has determined that the base rental range including parking for similar properties is between \$17.77 and \$20.77 per square foot per year for a modified full service lease. The proposed base annual rate of \$18.24, represents a rate at the low end of the range.

The proposed lease was submitted for review to your Board's appointed Real Estate Management Commission on June 6, 2001. After careful review, it was the Commission's decision to approve the proposed lease.

The Department of Public Works has inspected this facility and has approved the premises for County occupancy.

The proposed lease is too small for a child care facility to be incorporated into the premises area, and the proposed building is fully occupied and has no space available to house a child care center.

The Honorable Board of Supervisors
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NEGATIVE DECLARATION / ENVIRONMENTAL IMPACT REPORT

The CAO has made an initial study of environmental factors and has concluded that this project is exempt from CEQA pursuant to Class 1, section r, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987, and Section 15061 (b) (3) of the State CEQA Guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

It is the finding of the CAO that the proposed lease is in the best interest of the County and will adequately provide the necessary space for this County requirement. In accordance with your Board's policy on the housing of any County offices or activities, DMH concurs with this lease recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors return one original of the executed Lease and Agreement and the adopted, stamped Board letter, and two certified copies of the Minute Order to the Chief Administrative Office, Real Estate Division at 222 South Hill Street, 4th floor, Los Angeles, CA 90012.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:SNY
CWW:KW:hd

Attachments (4)

c: County Counsel
Auditor-Controller
Department of Mental Health

ATTACHMENT "A"
DEPARTMENT OF MENTAL HEALTH
1499 HUNTINGTON DRIVE, SOUTH PASADENA

Asset Management Principles Compliance Form*

I Occupancy

- | | | | | | |
|----|--|-----|----|----|----|
| A. | Does lease consolidate administrative functions? If no, why not? This office requires a central location with freeway access, in order to be accessible to the 28 County courthouses. | Yes | No | X | NA |
| B. | Does lease co-locate with other County functions to better serve clients? If no, why not? There are no County-leased or County-owned facilities available for consolidation. | Yes | No | X | NA |
| C. | Does this lease centralize business support functions? If no, why not? | Yes | X | No | NA |
| D. | Does lease meet the building and space guideline of 200 sq. ft. of space per person? If higher than 200 sq. ft. per person, why?
4,210 sq. ft./26 employees = 162 sq. ft. per employee | Yes | X | No | NA |

II Capital

- | | | | | | |
|----|---|-----|----|----|----|
| A. | Does this lease involve a subvented program that should be in leased space to maximize State/Federal funding? | Yes | X | No | NA |
| B. | If not, is this a long term County program? | Yes | No | X | NA |
| C. | Is it a net County cost (NCC) program? 0% NCC | Yes | No | X | NA |
| D. | If yes to either II B or C, is this a capital lease or an operating lease with an option to buy? | Yes | No | X | NA |
| E. | If no, are there any County owned facilities available which are suitable in project area? | Yes | No | X | NA |
| F. | If yes, why is lease being recommended over occupancy in County owned space? (e.g. additional investment of capital). | Yes | No | NA | X |
| G. | Was Building Description Report (BDR) run on County owned and leased facilities? If yes, (attach as Attachment "B") If no, why not? | Yes | X | No | NA |
| H. | Was build to suit or capital project considered? If not, why not? The small amount of square footage required does not warrant a build to suit or capital project. | Yes | No | X | NA |

III. Portfolio Management

- | | | | | | |
|----|--|-----|----|----|----|
| A. | Did department originate request for space utilizing the CAO Space Request Form (SRF)? If no, why not? | Yes | X | No | NA |
| B. | Was the space need justified? | Yes | X | No | NA |
| C. | Is this a renewal of an existing lease? If yes, were other locations examined for co-location with other County departments? | Yes | No | X | NA |
| D. | Why was this program not co-located?
1. ___ The program clientele requires a "stand alone" facility.
2. X No other suitable properties occupied by County in project area.
3. X No County owned facilities available for the project
4. ___ Could not get City clearance or approval
5. ___ The Program is being co-located | | | | |
| E. | Is lease a full service lease? If not, why not? The Lessor did not want to provide electricity due to Edison's power crisis. | Yes | No | X | NA |
| F. | Has growth projection been considered in space request? | Yes | X | No | NA |

ATTACHMENT "B"
SPACE SEARCH - CITIES OF SOUTH PASADENA AND ALHAMBRA

LACO	FACILITY NAME			ADDRESS		SQUARE FEET GROSS	SQUARE FEET NET	OWNERSHIP
0122	THOMAS A TIDEMANSON BUILDING-ANNEX	417	S	DATE	AVE ALHAMBRA	43500	36975	FINANCE
0122	THOMAS A TIDEMANSON BUILDING-ANNEX	900	S	FREMONT	AVE ALHAMBRA	43500	36975	FINANCE
5883	ALHAMBRA COURTHOUSE	150	W	COMMONWEALTH	AVE ALHAMBRA	111727	60233	FINANCE
A471	THE ALHAMBRA COMPLEX - EAST TOWER	1000	S	FREMONT	AVE ALHAMBRA	138729	124584	LEASED
X327	PROBATION-CENTRAL TRANSCRIBING OFFICE	200	W	WOODWARD	AVE ALHAMBRA	11273	7360	OWNED
X900	THOMAS A TIDEMANSON PUBLIC WORKS BUILDING	900	S	FREMONT	AVE ALHAMBRA	536168	363876	FINANCE

* This facility will require more extensive tenant improvements than the proposed facility resulting in a longer construction period. The proposed facility will allow the te
its overcrowded conditions in a more expeditious manner. Additionally, this facility is being considered for the Sheriff's Timekeeper Program and other County departm

Lease: Full Service Lease
Department: Mental Health
Lessor: Keith Sinclair

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**COUNTY OF LOS ANGELES
CHIEF ADMINISTRATIVE OFFICE
LEASE AND AGREEMENT**

THIS LEASE AND AGREEMENT, made and entered into in duplicate original this ____ day of _____, 2001, by and between KEITH SINCLAIR hereinafter referred to as the Lessor, and the COUNTY OF LOS ANGELES, a body politic and corporate, hereinafter referred to as the Lessee.

WITNESSETH:

**1. DESCRIPTION
OF PREMISES:**

The Lessor, for and in consideration of the performance of the covenants and agreements hereinafter contained to be kept and performed by the Lessee, upon the following terms and conditions, hereby leases to the Lessee, and the Lessee hereby hires and takes of and from the Lessor, those certain premises located at 1499 Huntington Drive, South Pasadena, in the County of Los Angeles, State of California, more particularly described as Suite 101 of the subject facility which is currently assessed by the County Assessor as A.P.N. 5319-009-036

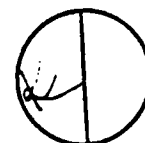
The Premises shall consist of approximately 4,210 rentable square feet located on the first floor of the subject facility and twelve (12) reserved surface parking spaces.

Lessor represents that 4,210 rentable square feet is the maximum amount of square footage available, and that at no time, except by specific amendment to this Lease, will the amount of square footage as contained herein exceed the amount stated above. Lessee shall have the exclusive right within ninety (90) days of approval by the Board of Supervisors to field-measure and verify the exact square footage of the lease premises. All measurements to be taken in accordance with the methods of measuring rentable area as described in the Standard Method for Measuring Floor Area in Office Buildings, ANSI Z65.1-1996, as promulgated by the Building Owners and Management Association (BOMA) International. Should this measurement be less than the square footage stated above, Lessee shall have the exclusive right to adjust said square footage and reduce the rent in Paragraph 3 accomplished by the mutual execution of a Memorandum of Understanding between the Lessor and the Lessee. Lessor acknowledges that it has marketed the space at the above indicated amount and in the event of subsequent physical measurements, Lessor agrees there will be no adjustment made to either the square footage or the rent in the event the measured square footage exceeds the amount represented by the Lessor.

2. TERM:

A. Original Term:

The term of this Lease shall be for a period of Ten (10) years beginning upon completion of improvements by Lessor evidenced by the issuance of a Certificate of Occupancy (or a Temporary Certificate of Occupancy, or a final sign-off, if applicable) by the City of South Pasadena, pursuant to Paragraph 25 and acceptance thereof by the Lessee, but in no event later than November 1, 2001, and ending Ten years thereafter. Notwithstanding the prior commencement of the Lease term, the rent shall not be due and owing until said Lessee accepts the improvements to be performed by Lessor. Should there be any delays beyond the control of the Lessor, then the Lease commencement date may be adjusted accordingly upon the mutual consent of Lessee and Lessor. Said acceptance and commencement of rent shall not occur any earlier than thirty (30) days after completion of construction of the telephone intrabuilding network cable (INC) if applicable, and the telephone equipment room, including permanent power and HVAC, in compliance with the attached plans and specifications referenced as Exhibit "A". Additionally, said acceptance and commencement of rent shall not occur any earlier than 15 days after receiving a notice from Lessor indicating that all tenant improvements required have been completed in compliance with the attached plans and specifications (Exhibit A) and the space is ready for beneficial occupancy.



INITIAL

In the event Lessee conducts a walkthrough and it is determined by Lessee at Lessee's sole discretion, that the tenant improvements have not been completed, or the space is not ready for Lessee's occupancy, then Lessee shall not be obligated to commence the rent per Paragraph 3 herein until actual beneficial occupancy. Additionally, Lessor shall be required to provide Lessee with another notice, and Lessee shall not accept the space any sooner than fifteen (15) days from the date of the second notice. The process may be repeated until the tenant improvements are completed and the space is ready for Lessee's occupancy. Lessee shall not unreasonably withhold its approval. Lessee hereby agrees to make timely inspections and to make timely notices of its approval or disapproval of said work. Lessor and Lessee shall promptly execute the "Memorandum of Commencement Date" attached hereto as Exhibit "D" following commencement of the Lease term subject to any remaining minor punchlist items. The Chief Administrative Officer, is hereby authorized to sign on behalf of Lessee.

B. Options to Renew:

Lessee shall have the option to renew this Lease for a period of five (5) years under the same terms, conditions, and rental rate excluding cancellation right and tenant improvements amortization. Lessee shall have the right to cancel after the Thirtieth (30th) month of the renewal term by giving the Lessor not less than ninety (90) days prior written notice. Lessee, by Chief Administrative Office letter, shall notify Lessor in writing not less than sixty (60) days prior to expiration of the Lease term of Lessee's intention to exercise its option. The actual exercise of the option shall be only by the County of Los Angeles Board of Supervisors prior to the expiration of the lease term.

3. RENT:

The Lessee hereby agrees to pay as rent for said demised Premises during the term the sum of Six Thousand Three Hundred Ninety Nine and 20/100 Dollars (\$6,399.20) per month, i.e., \$1.52 per rentable square foot per month, payable in advance by Auditor's General Warrant. Rental payments shall be subject to adjustment pursuant to Paragraph 27 herein and payable within fifteen days after the first day of each and every month of the term hereof provided Lessor has caused a claim therefor for each such month to be filed with the Auditor of the County of Los Angeles prior to the first day of each month.

4. USE:

Lessor agrees that the demised Premises together with all appurtenances thereto belonging or in any wise appertaining, shall be used by the Lessee as office space for the Department of Mental Health and for other governmental purposes or lawful purposes during normal working hours, after normal working hours, and on weekends and holidays as Lessee may desire.

5. CANCELLATION:

Lessee shall have the right to cancel this Lease at or any time after the Sixtieth (60th) month by giving the Lessor not less than ninety (90) days prior written notice. In such an event, Lessee, within sixty (60) days of such cancellation, shall reimburse to Lessor the unamortized balance of the additional tenant improvements allowance actually expended pursuant to Paragraph 25 herein along with the unearned portion of brokerage commissions received by the County.

6. HOLDOVER:

In case Lessee holds over beyond the end of the term provided with the consent express or implied of Lessor, such tenancy shall be for a two (2) month period only, subject to the terms and conditions of this Lease, but shall not be a renewal hereof, and the rent shall be at the rate prevailing under the terms of this Lease. Either party may during the holdover cancel this Lease by giving the other party not less than sixty (60) days prior written notice.

7. DAMAGE OR DESTRUCTION:

Lessor agrees that should the demised Premises be damaged by fire, incidents of war, earthquake, or other elements as to render them reasonably unfit for Lessee's occupancy, as determined by Lessee's sole discretion, then this Lease shall be terminated immediately upon the happening of any such event whereupon Lessee shall surrender the Premises and shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.


INITIAL

In the event of any lesser damage by any such cause that results in damage to ten percent (10%) or less of the net usable area of the Premises, then Lessor shall commence the repair and restoration of the Premises within fifteen (15) days of the event which necessitated the repair and restoration. In the event of any such cause which results in damage to more than ten percent (10%) of the net usable area of the Premises, then Lessee shall have the right at its sole discretion to either surrender the Premises and not be obligated for any further rental under this Lease and Agreement, or to cause Lessor to commence the repair and restoration of the Premises within fifteen (15) days of the event that necessitated the repair and restoration.

Commencement of the repair and restoration under either of the aforementioned conditions shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the repair and restoration. If Lessor should fail to thereafter pursue said repair and restoration work with reasonable diligence to completion, Lessee may give Lessor fifteen (15) working days prior written notice and thereafter perform or cause to be performed the restoration work and deduct the cost thereof from the installments of rent next due as a charge against the Lessor.

Lessee shall be entitled to a proportionate reduction of rent while such repairs are being made effective on the date of such destruction. The proportionate reduction is to be based upon the proportion that the amount of rentable square feet within the leased Premises rendered unusable to Lessee bears to the whole rentable thereof. Lessee shall not be entitled to an abatement of rent pursuant to this provision when the damage to the Premises is the result of negligence or intentional acts of Lessee's employees.

8. **TENANT'S
FIXTURES:**

Lessor agrees that the Lessee may remove, at its own expense during or at the expiration or other termination of the term of this Lease, or any extension or holdover period thereof, as the case may be, all fixtures, equipment and all other personal property placed or installed in or upon the demised Premises by the Lessee, or under its authority.

9. **REPAIR,
MAINTENANCE
AND
REPLACEMENT:**

A. This Lease is a full service lease. Therefore, Lessor agrees to repair, maintain and replace as necessary at Lessor's own expense the entire interior and exterior of the Premises. Lessor's responsibility shall include, but not be limited to lamps and tubes, exposed plumbing, fire sprinklers, if applicable, windows, window coverings, fire extinguishers, floor coverings, the sewer system, the grounds, parking spaces whether surface or structured parking (including resurfacing, restriping, landscaping, sweeping and provision of adequate lighting, as applicable), and the basic structure. Basic structure is agreed to include: all permanent exterior and interior walls, floors and ceilings, roof, concealed plumbing, elevators (including elevator hydraulic system, and casing for elevator ram), stairways, concealed electrical systems, telephone intrabuilding network cable (INC), and heating, ventilating and air conditioning system and fire sprinklers, if applicable. As part of Lessor's responsibilities for maintaining the Premises, Lessor shall provide for (1) furnishing and maintaining sewer services and trash removal, and (2) janitorial supplies (including restroom supplies and kitchenette paper supplies) and janitorial services in accordance with the schedule attached to this Lease as Exhibit "B".

B. In the event Lessor should fail, neglect or refuse to commence the repair, replacement or maintenance work required by Paragraph 9A herein within five (5) days after written notice has been served by Lessee, or fail, neglect or refuse to pursue said replacement or maintenance work with reasonable diligence to completion, the Lessee at its sole discretion may perform or cause to be performed said repair, replacement or maintenance work and deduct the reasonable cost thereof from the installments of rent next due as a charge to the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

- C. Lessee agrees to return said Premises to Lessor in as good condition as when rented, ordinary wear and tear, damage by earthquake, fire or the elements and other disaster or casualty excepted.
- D. In the event that items specified in Paragraph 9A wear out or fail or are damaged by earthquake, fire or the elements, and/or other public disaster or casualty, the Lessor shall replace said items at its own expense, subject to the provisions of Paragraph 7.

10. **UTILITIES:**

Lessee agrees to pay all charges for electricity supplied to the Premises, provided the Premises are separately metered.

Lessor agrees to pay when due all charges for the use of the sewer, effluent treatment, when and if imposed by any Governmental authority, all water, sprinkler standby charges, gas, and other heating charges accruing or payable in connection with the demised Premises during the term of this Lease or any renewal, extension, or holdover thereof, whether the same are pro-rated or measured by separate meters.

In the event Lessor fails or refuses to pay any or all of the charges when due, Lessee may give Lessor ten (10) calendar days prior written notice and thereafter pay directly such charges and deduct the payments from the installments of rent next due as a charge against the Lessor, or the Lessee at its sole discretion may surrender the Premises and shall not be liable for any further rental under this Lease and Agreement.

11. **LESSOR'S ACCESS:**

Lessee agrees to permit the Lessor or Lessor's authorized agents free access to the demised Premises at all reasonable times for the purpose of inspection or for making necessary improvements or repairs.

12. **DEFAULT:**

A. **Default by Lessee:**

Lessee agrees that if default shall be made in the payment of rent in the manner herein provided or in any of the covenants or agreements herein contained on the part of the Lessee to be kept and performed which constitute a material breach of the Lease, it shall be lawful for the Lessor to declare said term ended and to terminate this Lease upon the giving of thirty (30) days written notice. In addition thereto, Lessor shall have such other rights or remedies as may be provided by law. Lessor may not terminate the Lease if (1) Lessee cures the default within the thirty (30) day period after the notice is given, or (2) the default cannot reasonably be cured within the thirty (30) days after notice is given, but Lessee reasonably commences to cure the default within the thirty (30) days period and diligently and in good faith continues to cure the default.

B. **Default by Lessor:**

Lessor shall not be in default in the performance of any obligation required to be performed under this Lease unless Lessor has failed to perform such obligation within thirty (30) days after the receipt of written notice of default from Lessee specifying in detail Lessor's failure to perform or within such shorter period of time as may be specified herein. Lessee may terminate this Lease upon Lessor's default of any material obligation upon giving of thirty (30) days written notice of termination. In addition thereto, Lessee shall have such other rights or remedies as may be provided by law. Lessee may not terminate the Lease if (1) Lessor performs and meets the obligation within the thirty (30) day period (or shorter specified period) after notice of default is given, or (2) the obligation cannot reasonably be performed within thirty (30) days after notice of default is given, but Lessor reasonably commences to cure the default within the thirty (30) day period (or shorter specified period) and diligently and in good faith continues to cure the default.

Lessee shall not exercise any of its rights under this Paragraph, other than its rights to give notice, until Lessee gives notice to any person who has filed with the County Recorder's Office a "Request for a Notice of Default", has provided a copy of the recorded notice to Lessee at its addresses as shown



in Paragraph 15 "Notices" herein, and has specified that person's interest in the Lease. The notice to such person shall be for the same period of time as that to which Lessor is entitled. Such person shall have the right to cure the default within the same period of time, after notice, to which Lessor would be entitled.

If Lessor or such person does not cure the default, Lessee may exercise any of its rights or remedies provided for or permitted in this Lease or pursuant to law, including the right to recover any damages proximately caused by the default.

If Lessee is permitted to cure the default under the terms of this Lease, and elects to do so, then Lessee shall be entitled to reimbursement for all of its costs incurred, as well as to recovery for all damages proximately caused to it because of the default.

C. Request for Notice of Default

Lessor shall obtain prior to the Lessee's occupancy of the Premises, a Request for Notice of Default, in a recordable form, executed and acknowledged by Lessor, requesting that the County be notified of any Notice of Default filed by any of Lessor's lenders, to the address of County as specified in Paragraph 15 of this lease.

D. Receipt of Notice

Notwithstanding anything in Paragraph 15 herein to the contrary, receipt of notice under this Paragraph shall be conclusively presumed to have occurred on the earliest of:

- (1) The date of personal delivery to Lessor or to Lessor's agent or employee at Lessor's place of business, or to a resident over eighteen (18) years of age at Lessor's residence.
- (2) The date of delivery shown upon the United States Postal Service's return receipt for certified or registered mail.
- (3) Ten (10) days after deposit of notice to the address stipulated in Paragraph 15, sent by first class mail with the United States Postal Service, provided prior or concurrent notice has been attempted pursuant to Paragraph 15, but delivery has been refused or the notice otherwise returned without delivery.

13. ASSIGNMENT:
SUBLETTING:

Lessee shall have the right to assign this lease or sub-lease the Premises to another government agency, contractor or subcontractor of County so long as the intended use is consistent and compatible with the other tenancies within the building and/or surrounding buildings and upon the condition that the assignee or sublessee expressly assumes and agrees in writing to pay the rent and to perform each and every covenant and agreement in this lease required by Lessee to be paid or to be performed. Lessee agrees to notify Lessor of any change in tenancy.

14. ALTERATIONS:

Lessor and Lessee agree not to make any structural alterations in or on the demised Premises without first securing the prior written consent of the other party and further agree to make such alterations only at such time that it is agreeable to said other party. Consent shall be given or denied within thirty (30) days of receipt of written request. Consent shall not be unreasonably withheld. Should there be no response within thirty (30) days the request is deemed approved. "Structural" alterations shall be any modification to the improvements which results in a change in the structural integrity of the improvements or alters the gross cubic area of the improvements. Notwithstanding any other provision, the Lessee may make non-structural alterations without Lessor's prior written consent.

Any alterations installed by Lessee which are "trade fixtures as such are defined by the law of eminent domain shall be treated as tenant's fixtures in accordance with the provisions of this Lease and Agreement.

15. **NOTICES:**

Notices desired or required to be given by this Lease or by any law now or hereinafter in effect shall be given by enclosing the same in a sealed envelope with postage prepaid, certified or registered mail, return receipt requested, with the United States Postal Service.

Any such notice and the envelope containing the same shall be addressed to the Lessor as follows:

Sinclair Company
Attention: Keith Sinclair
223 East Thousand Oaks Blvd.
Suite 415
Thousand Oaks, CA 91360

or such other place as may hereinafter be designated in writing by the Lessor except that Lessor shall at all times maintain a mailing address in California.

The notices and envelopes containing the same shall be addressed to the Lessee as follows:

Board of Supervisors
Kenneth Hahn Hall of Administration, Room 383
500 West Temple Street
Los Angeles, CA 90012

with a copy to:

Chief Administrative Office
Real Estate Division
222 South Hill Street, 3rd floor
Los Angeles, CA 90012
Attention: Director of Real Estate

16. **CONDEMNATION:**

If the Premises or any portion thereof are taken under the power of eminent domain, or sold under the threat of the exercise of said power (all of which are herein called "condemnation") any award for the taking of all or any part of the Premises shall be the property of the Lessor, to the extent it is compensation for the taking of the fee or as severance damages. Lessee shall be entitled to that portion of the award, if any, attributable to Lessee's trade fixtures and improvements and for the bonus value of Lessee's leasehold. "Trade fixtures" are agreed to include any tenant improvements installed at the Lessee's request to the extent that Lessee has reimbursed Lessor for such tenant improvements in a lump sum or through amortization included in the rent payments. This Lease shall remain in full force and effect as to the portion of the Premises remaining except that the rent shall be reduced in the proportion that the area taken bears to the total leased Premises.

In the event of a partial taking of the structure, Lessor shall use the proceeds of the condemnation received by Lessor to restore the Premises to a complete architectural unit of a quality, appearance and functional utility at least consistent with the structure as it existed prior to the taking. Rent shall abate for such time and for such area as reconstruction is required and areas are not secure, weather-tight, and usable as office space. Failure of Lessor to commence such restoration within thirty (30) days of the actual physical taking of a portion of the structure shall be grounds for Lessee to cancel this Lease by giving Lessor fifteen (15) days advance written notice of such cancellation, or Lessee, in its discretion, may elect to undertake directly the restoration and deduct the costs thereof from the installments of rent next payable to the Lessor. Commencement under the aforementioned condition shall require (1) securing the area to prevent injury to persons and/or vandalism to the improvements, and (2) the placement of a work order or contract for obtaining the Labor and Materials to accomplish the restoration.

Within fifteen (15) days of receipt of the offer to acquire the property pursuant to Section 7267.2 of the Government Code or, within fifteen (15) days of the date landlord receives notice of the RESOLUTION of NECESSITY to condemn property, whichever is earlier, Lessor shall notify Lessee in writing (1) of condemnation proceeding and (2) physical extent of the Premises that will be affected by the proposed taking.

If more than ten percent (10%) of the floor area of the improvements on the Premises, or more than twenty-five percent (25%) of the land area of the Premises, which is not occupied by any improvements, is taken by condemnation. Lessee may cancel this Lease. The parties agree that Lessor and Lessee shall each receive independently their relocation assistance.

In the event of a partial taking of the parking area, Lessor shall use his best effort to provide Lessee with twelve (12) reserved off-street in-and-out parking spaces within five hundred (500) feet of the demised Premises. Lessee may at its sole discretion negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

Notwithstanding the above, failure of the Lessor to provide a minimum of twelve (12) reserved parking spaces at all times shall entitle Lessee to cancel this Lease by giving Lessor fifteen (15) days' advance written notice of such cancellation.

**17. INDEMNIFICATION
AND INSURANCE
REQUIREMENTS:**

During the term of this Lease, the following indemnification and insurance requirements shall be in effect.

- A. Indemnification: Lessor shall indemnify, defend and hold harmless Lessee, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Lessor's ownership, repair, maintenance and other acts and/or omissions arising from and/or relating to the Premises.

Lessee shall indemnify, defend and hold harmless Lessor, from and against any and all liability, including but not limited to demands, claims, actions, fees, costs, and expenses (including attorney and expert witness fees), arising from or connected with Lessee's use of the Premises.

- B. Waiver: Both the Lessee and Lessor each agree to release the other and waive their rights of recovery against the other for damage to their respective property arising from perils insured in the Causes-of-Loss Special Form (ISO form CP 10 30).

- C. General Insurance - Lessor Requirements: Without limiting Lessor's indemnification of Lessee and during the term of this Lease, Lessor shall provide and maintain the programs of insurance set forth in Section 17. D., Insurance Coverage Types and Limits - Lessor Requirements. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by Lessee, and such coverage shall be provided and maintained at Lessor's own expense.

- (1) Evidence of Insurance. Certificate(s) or other evidence of coverage satisfactory to Lessee shall be delivered to the Lessee's Chief Administrative Office at the address provided in Paragraph 15 (Notices) upon execution of this Lease. Such certificates or other evidence shall:

- (a) Specifically identify this Lease.
- (b) Clearly evidence all coverages required in this Lease.
- (c) Contain the express condition that Lessee is to be given written notice by mail at least thirty (30) days in advance of cancellation for all policies evidenced on the certificate of insurance.
- (d) Include copies of the additional insured endorsement (ISO form CG 20 26) to the commercial general liability policy, adding the Lessee as an additional insured.
- (e) identify any deductibles or self-insured retentions exceeding \$25,000.

- (2) Review of Insurance Requirements. The types of insurance and limits required under this Lease shall be reviewed annually by the Lessor or its representative. Coverage types and limits shall reflect the prevailing practice in the Los Angeles metropolitan area for insuring similar property and casualty risks, and be subject to Lessee's approval. Insurance is to be provided by an insurance company acceptable to Lessee with an A.M. Best rating of not less than A:VII, unless otherwise approved by Lessee.



- (3) Failure to Maintain Coverage. Failure by Lessor to maintain the required insurance, or to provide evidence of insurance coverage acceptable to Lessee shall constitute a material breach of the Lease pursuant to Section 12. B., Default by Lessor. Alternatively, at its sole option, Lessee may purchase such required insurance coverage, and without further notice to Lessor, deduct any premium costs advanced by Lessee for such insurance from any rental payments next due to Lessor.

D. Insurance Coverage Types and Limits - Lessor Requirements:

- (1) General Liability insurance (written on ISO policy form CG 00 01 or its equivalent) with limits of not less than the following:

General Aggregate:\$10 million
Products/Completed Operations Aggregate:\$10 million
Personal and Advertising Injury:\$ 5 million
Each Occurrence:\$ 5 million

- (2) Commercial Property insurance. Such insurance shall:

- (a) cover damage to Lessor's property, including improvements and betterments, from perils covered by the Causes-of-Loss Special Form (ISO form CP 10 30), and include Ordinance or Law coverage.
- (b) be written for the full replacement cost of the property, with a deductible of no greater than 5% of the property value. Insurance proceeds shall be payable to the Lessor and the Lessee as their interests may appear and be utilized for repair and restoration of the Premises.
- (c) include a Waiver of Subrogation in favor of Lessee.

E. General Insurance - Lessee Requirements: During the term of this Lease, Lessee shall maintain a program of insurance coverage as described below. Lessee, at its sole option, shall use commercial insurance and/or self-insurance coverage or any combination thereof to satisfy these requirements. Certificate(s) evidencing coverage will be provided to Lessor after execution of this Lease at Lessor's request.

F. Insurance Coverage Types and Limits - Lessee Requirements:

- (1) General Liability coverage (equivalent to ISO policy form CG 00 01) with limits of not less than the following:

General Aggregate:\$ 2 million
Products/Completed Operations Aggregate:\$ 1 million
Personal and Advertising Injury:\$ 1 million
Each Occurrence:\$ 1 million

Lessor shall be an Additional Insured (or its equivalent) with respect only to liability arising from Lessee's sole negligence in its use of the leased Premises.

Workers Compensation Insurance should only be required in the event that the Lessor's own employees are performing regular work at the premises. If this coverage is needed, RED staff should add the following language.

Workers Compensation and Employers' Liability insurance providing workers compensation benefits as required by the Labor Code of the State of California, and including Employers' Liability coverage with limits of not less than the following:

Each Accident: \$1 million
Disease - policy limit: \$1 million
Disease - each employee: \$1 million

18. **TAXES:** Lessor shall pay promptly all real property taxes, assessments and special assessments which may be levied or assessed against the demised Premises during the term of this Lease or any renewal or holdover period thereof.

In the event Lessor fails or refuses to pay any or all taxes or assessments when due, Lessee may give Lessor thirty (30) calendar days prior written notice and thereafter pay such taxes and assessments and deduct the payments from the installments of rent next due as a charge against the Lessor.

19. **BINDING ON SUCCESSORS:** Each and all of the terms and agreements herein contained shall be binding upon and shall inure to the benefit of the successors in interest of the Lessor, and wherever the context permits or requires, the successors in interest to the Lessee.

20. **PARKING SPACES:** Lessor at its sole cost and expense shall provide for the use by Lessee during the term of this Lease and Agreement or any renewal or holdover period as the case may be, twelve (12) reserved off-street in-and-out parking spaces located in the on-site parking lot of the facility. No tandem spaces will be included and all spaces will be "in and out" as long as that design is consistent with County policy. Lessee shall provide reserved parking spaces signs.

Notwithstanding the above, failure of the Lessor to provide a minimum of twelve (12) reserved, in and out parking spaces at all times shall entitle Lessee to cancel this Lease and Agreement by giving Lessor fifteen (15) days advance written notice of such cancellation; or Lessee may, at its sole discretion, negotiate with Lessor for an equitable reduction in the monthly rent based upon the Fair Market Value of such parking or the loss of such parking if not replaced.

21. **HAZARDOUS MATERIALS:**

Definition:

For purposes of this Agreement, the term "hazardous substances" shall be deemed to include hazardous, toxic or radioactive substances as defined in California Health and Safety Code Section 25316 as amended from time to time, or the same or a related defined term in any successor or companion statutes, and crude oil or byproducts of crude oil other than crude oil which exists on the property as a natural formation, and those chemicals and substances identified pursuant to Health and Safety Code Section 25249.8.

Warranties and Representations:

1. Lessor hereby warrants and represents, based upon appropriate and reasonable inspection of the Premises, that during its ownership of the Premises; hazardous substances have not been released on the Premises; that it has no knowledge of any release of hazardous substances on the Premises occurring before its ownership; that it has no knowledge or reason to believe that there are hazardous substances on the Premises; that Lessor shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances; and that Lessor shall require all other tenants, if any, of the subject property to comply with the aforementioned rules and regulations.
2. Lessee hereby warrants and represents that it shall comply with all federal, state and local laws and regulations concerning the use, release, storage and disposal of hazardous substances on the Premises.

Notice:

Lessor and Lessee agree to immediately notify each other when either party learns that hazardous substances have been released on the Premises or, if a multi-tenant property, on the subject property.

Indemnity:

1. Lessor agrees to indemnify, defend and save Lessee, its agents, offices and employees from or against all liability, expenses (including defense costs, legal fees, and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises which has not been caused by Lessee.

2. Lessee agrees to indemnify, defend and save harmless Lessor from and against all liability, expenses (including defense costs, legal fees and response costs imposed by law) and claims for damages of any nature whatsoever which arise out of the presence of hazardous substances on the Premises caused by Lessee.
3. The indemnity provided each party by this provision shall survive the termination of this Lease.

Default:

The presence or release of hazardous substances on the Premises and/or subject property, which is not caused by Lessee and which threatens the health and safety of Lessee's agents, officers, employees or invitees, as determined by Lessee's sole discretion, shall entitle Lessee to immediately terminate this Lease. In the event of such termination, Lessee shall not be obligated for any further rental and Lessor shall refund any unearned rent paid in advance by Lessee calculated at a daily rate based on the regular monthly rental.

Operating Costs:

Costs incurred by Lessor as a result of the presence or release of hazardous substances on the Premises and/or subject property which is not caused by Lessee are extraordinary costs not considered normal operating expenses and shall not be passed through to Lessee as part of its obligation, if any, to pay operating expenses.

Asbestos Notification:

Lessor represents, based upon a professional inspection of the subject Premises to be conducted by a licensed California Asbestos Contractor, at Lessor's sole expense, and a report to be furnished to the Lessee, prior to the Lessee's occupancy of the Premises, that the subject Premises contain no asbestos containing materials, other than those reflected in said report, if any. Lessor agrees, prior to Lessee's occupancy, to abate, at Lessor's sole expense, all asbestos containing materials, and provide Lessee with an updated report from a licensed California Asbestos Contractor to that effect.

Lessor agrees to notify Lessee, at least annually, of Lessor's knowledge of the presence of asbestos containing materials within the building of which the demised Premises is a part of. Such notification shall comply with Health and Safety Code Sections 25915 et. seq. as amended from time to time or as required by any successor or companion statutes enacted subsequent to this Lease and Agreement.

Indoor Air Pollution Notification:

Lessor represents and warrants that a) there have been no complaints regarding the indoor air quality anywhere in the building or in the ventilating system; b) Lessor will deliver to Lessee copies of any such complaints received; c) to the best of Lessor's knowledge there are no indoor air pollution and/or air quality problems in the building; and d) Lessor will notify Lessee if any indoor air quality or environmental problem is discovered or reported in the building, and undertake to correct such problem at Lessor's sole cost and expense.

22. GENERAL PROVISIONS:

A. Waiver

The waiver by Lessor or Lessee of any term, covenant or condition herein contained shall not be deemed to be a waiver of such term, covenant or condition on any subsequent breach of the same or any other term, covenant or condition herein contained.

B. Marginal Headings

The paragraph titles in this Lease are not a part of this lease thereof and shall have no effect upon the construction or interpretation of any part hereof.

C. Time

Time is of the essence of this Lease and each and all of its provisions in which performance is a factor.

D. Recordation

This lease shall not be recorded but the parties shall execute and acknowledge before a notary public, the Memorandum of Lease attached to this Lease as Exhibit "G". The Memorandum of Lease shall be recorded with the Los Angeles County Recorder at Lessee's expense.

Lessee shall, within thirty (30) days of the lease upon Lessor's request, execute and deliver to Lessor a quitclaim deed to the Premises, in recordable form, designating Lessor as Transferee. The quitclaim deed may be executed by the Chief Administrative Officer of the County of Los Angeles or his designee.

E. Separability

Any provision of this Lease which shall prove to be invalid, void or illegal shall in no way affect, impair or invalidate any other provision hereof and such other provisions shall remain in full force and effect.

F. Quiet Possession

Upon Lessee paying the rent hereunder Lessee shall have quiet possession of the demised Premises for the entire term hereof subject to all the provisions in this Lease. If any underlying lease terminates for any reason or any mortgage or deed of trust is foreclosed or a conveyance in lieu of foreclosure is made for any reason, this Lease shall nevertheless remain in full force and effect and Lessee at all times shall be entitled to quiet possession and use of the Premises and shall, notwithstanding any subordination, and upon the request of such successor in interest to Lessor, attorn to and become the Lessee of the successor in interest to Lessor.

G. Prior Agreements

This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease and no prior agreements or understanding pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added to except by an agreement in writing signed by the parties hereto or their respective successors-in-interest. This Lease shall not be effective or binding on any party until fully executed by both parties hereto.

H. Force Majeure

In the event that either party is delayed or hindered from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations, riots, insurrection, war or other reasons of a like nature beyond the control of such party, then performance of such acts shall be excused for the period of the delay, and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

I. Cumulative Remedies

No remedy or election hereunder shall be deemed exclusive but shall wherever possible be cumulative with all other remedies at law or in equity.

J. Choice of Law

This Lease shall be governed by the laws of the State of California, exclusive of conflict of law provisions.

K. Warranties or Guarantees

In the event that any of the items required to be maintained and repaired by the Lessor under the provisions of Section Paragraph 9A herein are protected by warranties or guarantees the Lessee shall be entitled to the full benefit of such protection as if it were the original purchaser thereof.

L. Impairment of Title

Lessor hereby covenants to notify Lessee in writing within thirty (30) days of each and every occurrence which may impair Lessor's title to the demised Premises. Such occurrences include, but are not limited to, default on a trust deed, transfer of any interest in any trust deed, notification of any lien recordation, notification of any foreclosure, and notification of default in the master lease. Lessor further agrees to notify Lessee, in writing, within ten (10) days of receipt of any written notice regarding redevelopment, zoning, or conditional use permits which affect the property, the subject of this Lease or real property adjacent thereto.

M. Arbitration

In the event of any dispute regarding the terms, conditions, rights or obligations of the parties hereto, such dispute may, at the request of either party, be submitted to arbitration in accordance with the provisions of Code of Civil Procedure Section 1280 et seq as they now exist or may later be amended. The Chief Administrative Officer, or its designee, shall act on behalf of Lessee in arbitration, with the assistance of Counsel, for so long as County is the Lessee under this Lease.

N. Construction

Any and all construction pertaining to this Lease and Agreement by Lessor or his designated contractors or subcontractors shall comply with all applicable City, County, State and Federal regulations, codes and ordinances, including but not limited to all provisions of the Labor Code of the State of California. Under the provisions of said Labor Code, the State Department of Industrial Relations will ascertain the prevailing hourly rate in dollars and details pertinent thereto for each craft, classification or type of workman or mechanic needed for the construction of the improvements.

Particulars of the current Prevailing Wage Scale, as approved by the Board of Supervisors, which are applicable to the work contemplated are filed with the Clerk of the Board of Supervisors and must be posted at the subject site.

O. Interpretation

The language of this Lease shall be construed according to its fair meaning and not strictly for or against Lessor or Lessee.

P. Community Business Enterprise

Lessor is encouraged to use Community Business Enterprises (CBE) in all contracts when possible as sources for supplies, equipment, construction and services. This shall apply during any applicable tenant improvement construction, modular furniture installation and services to be provided during the lease term.

Lessor shall submit evidence of CBE participation by providing completed copies of the Community Business Enterprise Firm Information, form attached hereto as Exhibit "F", at the time of signing this Lease and Agreement and thereafter on an annual basis on or before December 30th of each year of the term of this Agreement.

Q. Lobbyists

Lessor and each County lobbyist or County lobbying firm as defined in Los Angeles County Code Section 2.160.010, retained by Lessor, shall fully comply with the County Lobbyist Ordinance, Los Angeles County Code Chapter 2.160. Failure on the part of Lessor or any County lobbyist or County lobbying firm retained by Lessor to fully comply with the County Lobbyist Ordinance shall constitute a material breach of this Agreement upon which County may immediately terminate or suspend this Lease and Agreement.

23. WARRANTY OF
AUTHORITY:

Each of the undersigned signatories for the Lessor hereby personally covenant warrant and guarantee that each of them, jointly and severally, have the power and authority to execute this Lease upon the terms and conditions stated herein and each agrees to indemnify and hold harmless the Lessee from all damages, costs, and expenses, which result from a breach of this material representation.

24. ESTOPPEL
CERTIFICATE:

Either party shall at any time upon not less than thirty (30) days prior written notice from the other party execute, acknowledge and deliver to the requesting party a statement in writing (1) certifying that this Agreement is unmodified and in full force and effect (or, if modified, stating the nature of such modification and certifying that this Agreement, as so modified, is in full force and effect) and the date to which the rent and other charges are paid in advance, if any, and (2) acknowledging that there are not to the declarant's knowledge, any uncured defaults on the part of either party hereunder, or specifying such defaults if any are claimed. Any such statement may be conclusively relied upon by any prospective purchaser or encumbrancer of the building complex or any other interested party. Failure to deliver such statement within such time shall be conclusive evidence (a) that this Agreement is in full force and effect without modification except as may be represented by the requesting party in the written request for the certificate, (b) that there are no uncured defaults in either party's performance, and (c) that not more than one month's rent has been paid in advance.

25. TENANT
IMPROVEMENTS:

- A. Lessor within ten (10) days after receipt of a duly executed copy of this Lease document and County-approved preliminary plans, will, at its own expense, cause a licensed California architect to prepare final working drawings and specifications for the proposed interior tenant improvements which are to be provided by Lessor up to a maximum cost of \$42,100 (\$10 per square foot) as estimated by Lessor. Should said tenant improvements cost less, then Lessor shall pass on such savings to Lessee in the form of a rent reduction over the term of the Lease at the rate of Sixteen and 86/100 Dollars (\$16.86) per month for each One Thousand Dollars (\$1,000.00) of savings.

Additional Tenant Improvement Allowance:

In the event that the tenant improvement cost exceeds \$42,100 (\$10 per square foot), Lessee may authorize Lessor after review of estimates and written approval of the Chief Administrative Officer to pay the overage up to a maximum total of \$273,650 (\$65 per square foot), including the base allowance. Lessee agrees to reimburse Lessor for tenant improvement cost above \$10 per square foot, and will amortize said cost at the actual rate of Lessor's cost of funds but not to exceed 10.5% per annum over the lease term. Lessor shall provide Lessee with a Promissory Note delineating its actual cost of funds for the applicable arms-length loan transaction. The Lessee may at anytime during the Lease term pay Lessor in a lump sum for all or any portion of the tenant improvement cost and reduce the rental rate per Paragraph 3 accordingly. Lessor will notify Lessee of the tenant improvement final cost, and the amount payable monthly by Lessee in addition to the rent. For purposes of ascertaining the actual cost of said tenant improvements, Lessor shall provide to Lessee, upon the issuance of a Certificate of Occupancy, or a final sign-off by the City of South Pasadena, a detailed breakdown of the total costs of constructing the tenant improvements and execute a summarized breakdown of the total costs of the tenant improvements in the form of the attached Exhibit "E" with the right to audit these costs for a period of Twenty-four months from the date of commencement of the term of this Lease.

In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

The working drawings are to be prepared in accordance with preliminary plans and specifications No. _____ dated _____, 2001 and No. _____ dated _____. Said Plans and Specifications are also on file with the Chief Administrative Office and identified as Exhibit "A" and incorporated herein by reference thereto and Lessor has a duplicate copy. Lessor shall provide any final working drawings required from said preliminary plans with Lessee having the right to review and approve said final working drawings. All work, construction and materials shall be in final working drawings and specifications. All circuit breakers, fire sprinklers, and plumbing shut off valves shall be labeled as to areas controlled both on the drawings and on the breaker panels and valves. Upon completion Lessor shall furnish the Chief Administrative Office with one (1) complete set of reproducible as-built drawings of the tenant improvements on an Auto-Cad or DXF file, together with the existing plans, if any, showing the locations of any underground utility lines and their depths. The Premises shall meet all applicable City, County State and Federal building codes, regulations and ordinances required for beneficial occupancy. Any work, including construction, that Lessor must undertake to obtain the necessary jurisdictional approvals for occupancy shall be at Lessor's sole cost and expense and shall not be considered as part of the tenant improvement allowance. Any work to meet applicable code requirements necessitated by Lessee's special requirements shall be included as part of the tenant improvement allowance.

The Lessor shall submit three bids for the construction of the tenant improvements to the County for its review prior to award of the contract. The bids shall include an itemized list of all materials and labor and shall include all additional costs including A/E fees, permits, reasonable contractor's profit and overhead, and project management fees. Three bids for the purchase and installation of the office furniture system, prepared by the furniture dealer(s), shall be included in the construction estimates.

The tenant improvement cost shall not include any costs incurred for asbestos abatement, fire sprinkler system, or conversion of air conditioning systems to eliminate use of CFC refrigerants that are harmful to the atmosphere. All work for required asbestos abatement, fire sprinkler system, or air conditioning system conversion shall be performed at the sole cost and expense of Lessor.

Modular Furniture:

As part of the additional tenant improvements to be provided pursuant to Paragraph 25A, Lessor shall provide, at its own expense, an allowance payable directly to the furniture vendor or in the form of a financed transaction acceptable to the Lessee including, but not limited to a lease purchase agreement, provided the outstanding balance can be no more than \$1 at the end of a term not to exceed 120 months. Lessee shall deliver to Lessor within ten days after execution hereof, modular furniture plans and specifications (the "Modular Specifications"). Based on the "Modular Specifications" provided by the Lessee, Lessor and/or Lessor's architect, shall prepare a modular specifications bid package for submission to no less than three (3) furniture vendors. Prior to submission for bids, Lessor shall review the bid package with Lessee and Lessee shall have the right to approve or disapprove the bid package. Lessor shall not be responsible for the cost of such modular furniture in excess of the additional tenant improvement allowance. Lessor shall provide to Lessee a detailed breakdown of the total cost of the modular furniture in the form of the attached Exhibit "E" prior to the commencement date of the Lease with the right of Lessee to audit the cost for a period of Twenty-four months from the Lease commencement date. Provided Lessee has approved the modular furniture and cost thereof, Lessor shall be responsible for ordering and installing the modular furniture in consultation with Lessee. At the end of the lease term all furniture purchased or leased pursuant to this Paragraph shall become the property of Lessee.

B. Completion

The parties agree that the estimated time for completion of said tenant improvements is 60 days from the date of issuance of the building permit based on the Construction Schedule attached herewith as Exhibit "C". Lessor shall file for a building permit to construct the improvements within ten (10) days of completion of final working drawings and acceptance by Lessee and diligently pursue to obtain the permit as soon as possible.

Additionally, Lessor shall complete the telephone equipment room(s) including permanent power and HVAC in compliance with the plans and specifications referenced above as Exhibit "A" at least thirty (30) days prior to the estimated completion date. During this thirty (30) day period, the Lessor shall be responsible for any telephone/data equipment delivered to the site for programming prior to the completion date.

Completion may be delayed by:

1. Acts or omissions of Lessee or of any employees or agents of Lessee (including change orders in the work), or
2. Any act of God which Lessor could not have reasonably foreseen and provided for, or
3. Any strikes, boycotts or like obstructive acts by employees or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
4. Any war or declaration of a state of national emergency, or
5. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the building Premises.

C. Change Orders

All Lessee requested and approved change orders shall not exceed a total cost of Fifteen Thousand Dollars (\$15,000) and Lessor shall not be required to accept any particular change order if the total cost of prior Lessee initiated change orders exceeds Fifteen Thousand Dollars (\$15,000). The Chief Administrative Officer, is hereby authorized to approve change orders on behalf of Lessee. Lessee may pay for change order costs in lump sum, or may, at its option, amortize the change order costs over the term of the Lease including interest at the actual rate of Lessor's cost of funds not to exceed Ten and One-half percent (10.5%) per annum, i.e., Sixteen and 86/100 Dollars (\$16.86) per month for each ONE THOUSAND DOLLARS (\$1,000.00) of change order costs. Lessor, or Lessor's contractor, shall submit to the Chief Administrative Officer, with each requested change order (a) specific cost of the requested change; (b) the cumulative net total cost of all change orders previously approved; and (c) an estimate of the construction time which will be increased or shortened if the change order is approved. Each change order shall be signed and dated by the Chief Administrative Officer to be considered approved. Lessee shall have the right to audit the cost of the changes for a period of twenty-four months from the date of commencement of the term. In the event Lessee requests a rent reduction due to its audit of these costs, Lessee shall provide Lessor with a copy of the audit summary as part of its request.

- D. If Lessor fails to obtain the building permit within a reasonable time, taking all factors into consideration, or if tenant improvements have not been completed within sixty (60) days from the estimated time of completion, which period shall be extended for a reasonable time for delays enumerated in subparagraph B above, Lessee may, at its option:

- (1) Cancel the Lease upon thirty (30) days written notice to Lessor; or
- (2) Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the tenant improvements itself.

If Lessee elects to provide tenant improvements itself, then:

- (a) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of making the tenant improvements and for any other purposes reasonably related thereto;
- (b) rent shall be reduced by Lessee's total expense in making the tenant improvements, including any financing charges for capital and a reasonable amount for its administrative costs, and including interest at the rate of 10.5%. The rent reduction schedule shall be as mutually agreed to between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over 5 years.

**26. ASSIGNMENT
BY LESSOR:**

- A. Lessor may assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof (including the right to receive rental payments but excluding its duties and obligations hereunder), and Lessor may execute any and all instruments providing for the payment of rent directly to an assignee or transferee, but only if the conditions set forth in subparagraphs B and D below are met.

Any document or agreement purporting to assign, transfer, mortgage, hypothecate or encumber Lessor's right, title and interest in and to this Agreement or any portion thereof, is hereinafter referred to as a "Security Agreement." Any Security Agreement which is executed without full compliance with the requirements of this Paragraph 26 shall be void.

- B. Each assignee or transferee under the Security Agreement shall certify and agree in writing that such assignee or transferee has read and is familiar with the requirements of Sections 5950-5955 of the California Government Code, which prohibits the offer or sale of any security constituting a fractional interest in this Agreement or any portion thereof, without the prior written consent of the County.
- C. Violation by Lessor of the provisions of Section 5951 of the California Government Code will constitute a material breach of this Agreement, upon which the County may impose damages in an amount equal to the greater of (a) \$500,000 or (b) 10% of the aggregate principal portion of all rental payments payable by the County during the entire term of this agreement, it being expressly agreed that the aforesaid amount shall be imposed as liquidated damages, and not as a forfeiture or penalty. It is further specifically agreed that the aforesaid amount is presumed to be the amount of damages sustained by reason of any such violation, because from the circumstances and nature of the violation it would be impracticable and extremely difficult to fix actual damages. In addition, the County may exercise or pursue any other right or remedy it may have under this Agreement or applicable law.
- D. Lessor shall give County notice and a copy of each Security Agreement and any other instrument relating thereto (including, but not limited to, instruments providing for the payment of rent directly to an assignee or transferee) at least two weeks prior to the effective date thereof.
- E. Lessor shall not furnish any information concerning County or the subject matter of this Agreement (including, but not limited to, offering memoranda, financial statements, economic and demographic information, and legal opinions rendered by the office of the County Counsel) to any person or entity, except with County's prior written consent. Lessor shall indemnify, defend and hold County and its officers, agents and employees harmless from and against all claims and liability alleged to arise from the inaccuracy or incompleteness of any information furnished by Lessor in violation of this subparagraph E.

- F. The provisions of this Paragraph 26 shall be binding upon and applicable to the parties hereto and their respective successors and assigns. Whenever in this Paragraph 26 Lessor is referred to, such reference shall be deemed to include Lessor's successors or assigns, and all covenants and agreements by or on behalf of Lessor herein shall bind and apply to Lessor's successors and assigns whether so expressed or not.

27. RENTAL
ADJUSTMENT:

- A. For each successive twelve (12) months of the original term of this Lease and in the event Lessee exercises its option pursuant to Paragraph 2(b) for each successive twelve (12) month period thereafter, the monthly Base Rental as set forth in Paragraph 3 shall be subject to adjustment. At the first anniversary date of the first day of the first full calendar month following the commencement of this lease and every twelve months thereafter, the rent shall be adjusted in accordance with the CPI formula set forth below in Paragraph 27B. The Base Index shall be the Index published in the month the lease commences.
- B. CPI Formula: The method for computing the annual rental adjustment shall be by reference to the Consumer Price Index for all Urban Consumers for the Los Angeles-Anaheim-Riverside area, all items published by the United States Department of Labor, Bureau of Labor Statistics (1982-84 = 100), hereinafter referred to as "Index".

The rental adjustment for the Base Rent shall be calculated by multiplying the Lessor's base rent by a fraction, the numerator being the new Index which is the Index published in the month immediately preceding the month the adjustment is to be effective, and the denominator being the Base Index which is the Index published for the month the Lease commences. The rental adjustment formula shall be as follows:

New Index x \$6,399.20 (Base Rent)
Base Index

± Amount needed to amortize the additional tenant improvements allowance, if any

± Amount needed to amortize the change order costs, if any

= New Monthly Rent

If the Index is changed so that the Base year of the Index differs from that used as of the commencement date of the lease, the Index shall be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics. If the Index is discontinued or revised during the term of this lease, such other governmental Index or computation with which it is replaced shall be used in order to obtain substantially the same result as would be obtained if the Index had not been discontinued or revised. In the event the parties are unable to agree upon a substitute Index (if the original Index is discontinued without a replacement) then upon demand by either party, the matter shall be submitted to Arbitration in accordance with Paragraph 22M for the purpose of determining an alternate method of computing the rent adjustment based upon the increase in the cost of living.

C. General Provisions:

In no event shall the rent adjustment based upon the CPI formula set forth in Paragraph 27B result in an annual increase greater than four percent (4%) per year of the monthly base year office space rent of \$6,399.20 (i.e. not greater than \$255.96 per month, per annual adjustment).

28. CONSIDERATION OF
GAIN PROGRAM
PARTICIPANTS:

Should Lessor require additional or replacement personnel after the effective date of this Agreement, Lessor shall give consideration for any such employment, openings to participants in the County's Department of Public Social Services' Greater Avenues for Independence (GAIN) Program who meet Lessor's minimum qualifications for the open position. The County will refer GAIN participants by job category to the Lessor.


INITIAL

29. SOLICITATION OF CONSIDERATION:

It is improper for any County Officer, employee or agent to solicit consideration, in any form, from a Lessor with the implication, suggestion or statement that the Lessor's provision of the consideration may secure more favorable treatment for the Lessor in the award of the lease or that the Lessor's failure to provide such consideration may negatively affect the County's consideration of the Lessor's submission. A Lessor shall not offer or give, either; directly or through an intermediary, consideration, in any form, to a County officer, employee or agent for the purpose of securing favorable treatment with respect to the award of the lease.

A Lessor shall immediately report any attempt by a County officer, employee or agent to solicit such improper consideration. The report shall be made either to the County manager charged with the supervision of the employee or to the County Auditor-Controller's Employee Fraud Hotline at (213) 974-0914 or (800) 544-6861. Failure to report such solicitation may result in the Lessor's submission being eliminated from consideration.

30. LIMITATION OF AUTHORITY:

Only the Board of Supervisors has the authority, by formally approving and/or executing this Lease, to bind the County to the terms included herein. Lessor understands that no material terms of this Lease may be altered or deleted, nor may any new material terms be added to this Lease, without the express written approval of the Board of Supervisors, either through an amendment to the Lease or by other formal Board action.

No County officer, employee, agent, or independent contractor has any authority to alter, add or delete the material terms of this Lease; and Lessor may not rely upon any representations to the contrary.

This limitation of authority applies to all material terms of the Lease including, without limitation, any monetary ceiling established for tenant improvements or other project costs of Lessor which are subject to reimbursement by County. **County shall not reimburse Lessor for any expenses which exceed this ceiling.**

31. IRREVOCABLE OFFER:

In consideration for the time and expense that County will invest including but not limited to preliminary space planning, legal review, and preparation and noticing for presentation to the County Real Estate Management Commission in reliance on Lessor's covenant to lease to County under the terms of this lease offer, the Lessor irrevocably promises to keep this offer open until July 31, 2001.


INITIAL

EXHIBIT "B "

CLEANING AND MAINTENANCE SCHEDULE

This list reflects the various cleaning and maintenance requirements for the leased office space. Responsibility for this cleaning and maintenance service belongs to the Lessor.

Daily (Sunday through Thursday)

1. Carpets vacuumed.
2. Composition floors dust-mopped.
3. Desks, desk accessories and office furniture dusted. Papers and folders left on desks not to be moved.
4. Waste baskets, other trash receptacles and ashtrays emptied. Ashtrays wiped clean.
5. Chairs and waste baskets returned to proper position.
6. Fingerprints removed from glass doors and partitions.
7. Lavatories, toilets and toilet rooms cleaned and mopped. Toilet supplies replenished.
8. Bulb and tube replacements, as required.
9. Graffiti expunged as needed within two (2) working days after notice by Lessee.
10. Floors washed as needed.
11. Kitchenette room cleaned and mopped. Kitchen tables and counters cleaned. Paper towels replenished.

Weekly

1. Low-reach areas, chair rungs, baseboards and insides of door-jambs dusted.
2. Window sills, ledges and wood paneling and molding dusted.

Monthly

1. Floors washed and waxed in uncarpeted office area.
2. High-reach areas, door frames and tops of partitions dusted.
3. Upholstered furniture vacuumed, plastic and leather furniture wiped.
4. Picture moldings and frames dusted.
5. Wall vents and ceiling vents vacuumed.

Quarterly

1. Light fixtures cleaned and dusted, but not less frequently than Quarterly.
2. Wood furniture polished.
3. Draperies or mini blinds cleaned as required, but not less frequently than Quarterly.

Semi-Annually

1. Windows washed as required inside and outside but not less frequently than twice annually.

Annually

1. Carpets cleaned

As Needed

The sidewalks, driveways, parking areas and all means of access and egress for the demised Premises should be maintained in good repair, clean and safe condition at all times.

All lawns, shrubbery and foliage on the grounds of the demised Premises should be maintained in good condition and neat in appearance. Grass and shrubbery must be replanted as needed to maintain the grounds in good appearance and condition.

EXHIBIT "D "

MEMORANDUM OF COMMENCEMENT DATE

This Agreement is dated this _____ day of _____, 2001_____, for reference purposes only, by and between Lessor, KEITH SINCLAIR and Lessee, COUNTY OF LOS ANGELES.

1. The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Lessor to Lessee of the building located at 1499 Huntington Drive, South Pasadena ("the Premises").
2. Lessor and Lessee hereby confirm the following:
 - (a) That all construction by Lessor, if any, required to be done pursuant to the terms of the Lease has been completed in all respects subject to any remaining punchlist items;
 - (b) That Lessee has accepted possession of the Premises and now occupies the same; and
 - (c) That the term of the Lease commenced _____.

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

KEITH SINCLAIR

By _____

Name:

Title: _____

Lessee:

COUNTY OF LOS ANGELES

By _____

Chuck W. West

Director of Real Estate

EXHIBIT "E"

MEMORANDUM OF TENANT IMPROVEMENT COST

This Agreement is dated this _____ day of _____, 19____, for reference purposes only, by and between Lessor, Keith Sinclair, and Lessee, County of Los Angeles.

1. The parties hereto have entered into a Lease dated as of _____ (the "Lease") for the leasing by Lessor to Lessee of the buildings located at 1499 Huntington Drive, South Pasadena ("the Premises").

2. Lessor and Lessee hereby confirm the following:

(a) The final total cost of the tenant improvements is _____ (\$_____).

This is comprised of:

<u>Lease Budget</u>		<u>Actual Cost</u>
\$ _____	Tenant Improvement Allowance	\$ _____
\$ _____	Additional Tenant Improvement Allowance	\$ _____
\$ _____	Change Order Allowance	\$ _____
\$ _____	Total	

(b) The final total cost of the modular furniture, if applicable, (which is included in Paragraph 25) is

_____ (\$_____).

IN WITNESS WHEREOF, Lessor and Lessee have respectfully signed this Agreement.

Lessor:

KEITH SINCLAIR

By _____

Lessee:

COUNTY OF LOS ANGELES

By _____
Chuck W. West
Director of Real Estate

EXHIBIT "F"

COMMUNITY BUSINESS ENTERPRISE FIRM

INSTRUCTIONS: All Lessors shall submit this form on an annual basis on or before December 30th of each year of the term of this agreement as evidence of CBE participation. The information requested below is for statistical purposes only. On final analysis and consideration, leases will be selected without regard to gender, race, creed, or color. Categories listed below are based on those described in 49 CFR Section 23.5.

I. MINORITY/WOMEN PARTICIPATION IN FIRM (Partners, Associates Partners, Managers, Staff, etc.)

FIRM NAME Goodwin Co.

ADDRESS 2236 Thousand Oaks Blvd. #10 Thousand Oaks, CA

CONTACT Ken Simon TELEPHONE NO. 805-746-3111

TOTAL NUMBER OF EMPLOYEES IN FIRM: 5

	OWNERS/PARTNERS ASSOCIATE PARTNERS	MANAGERS	STAFF
Black/African American	_____	_____	_____
Hispanic/Latin American	_____	<u>1</u>	<u>1</u>
Asian American	_____	_____	_____
Portuguese American	_____	_____	_____
American Indian/ Alaskan Native	_____	_____	_____
All Others	_____	_____	_____
Women (Should be included in counts above <u>and</u> also reported here separately)	_____	<u>1</u>	_____

II. PERCENTAGE OF MINORITY/WOMEN OWNERSHIP IN FIRM

TYPE OF BUSINESS STRUCTURE: S/PS (Corporation, Partnership, Sole Proprietorship, etc.)

TOTAL NUMBER OF OWNERSHIP/PARTNERS, ETC.: 1

PERCENTAGE OF OWNERSHIP

Black/African American	_____
Hispanic/Latin American	_____
Asian American	_____
Portuguese American	_____
American Indian/ Alaskan Native	_____
All Others	_____
Women (Should be included in counts above <u>and</u> also reported here separately)	_____

III. CURRENT CERTIFICATION AS MINORITY/WOMEN-OWNED FIRM

IS YOUR FIRM CURRENTLY CERTIFIED AS A MINORITY OWNED BUSINESS FIRM BY THE:

State of California?	Yes	No
City of Los Angeles?	Yes	No
Federal Government?	Yes	No

IV. FIRM'S DESIRE NOT TO RESPOND TO INFORMATION

WE DO NOT WISH TO PROVIDE THE INFORMATION REQUIRED IN THIS FORM.

Firm Name:

Signed:

Date:

Title:

EXHIBIT "G"

**RECORDING REQUESTED:
THE COUNTY OF LOS ANGELES**

WHEN RECORDED MAIL TO:

Chief Administrative Office
Leasing and Space Management
222 South Hill Street, 4th floor
Los Angeles, CA 90012

This document is recorded for the benefit of the County of Los Angeles and recording is exempt from recording fees pursuant to California Government Code section 27383. This transaction is exempt from documentary transfer tax pursuant to California Revenue and Taxation Code section 11922.

MEMORANDUM OF LEASE

This Memorandum of Lease ("Memorandum") is made and entered into by and between Keith Sinclair (the "Lessor") and the County of Los Angeles, a public body corporate and politic duly organized and existing under the laws of the State of California (the "Lessee") who agree as follows:

Lessor and Lessee have entered into that certain Lease and Agreement dated as of _____, 2001. (the "Lease"). Pursuant to the Lease, the Lessor has leased to the Lessee real property located at 1499 Huntington Drive, South Pasadena in the County of Los Angeles, State of California, currently assessed by the County Tax Assessor as A.P.N. 5319-009-036, commencing on _____, 2001, and ending on a date _____ () years after the rent commencement date, unless such term is extended or sooner terminated pursuant to the terms and conditions set forth in the Lease. Lessor shall be responsible for providing full services during the term of the Lease, subject to the terms and conditions of the Lease. Lessee has the option to renew the lease for an additional seven (7) years.

This Memorandum has been prepared for the purpose of giving notice of the Lease and of its terms, covenants, and conditions, and for no other purposes. The provisions of this Memorandum shall not in any way change or affect the provisions of the Lease, the terms of which remain in full force and effect.

Dated: _____, 2001.

LESSOR:

LESSEE:

By: _____
Name:
Title:

Chuck W. West
Director of Real Estate
COUNTY OF LOS ANGELES